

AN OVERVIEW OF THE ROMANIAN FOREIGN TRADE ON THE PERIOD 2006-2008

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Abstract: The trade importance is renowned and recognized by us all, researchers, operators in the commercial sector, retailers, consumers, public authorities in this respect, the importance that we try to look through statistical data in the present paper. We will use relevant indicators to us create a more entirely image on the dynamics of trade in Romania in the past 3 years. Point out that the data are collected from the database of the Institute of Statistics.

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Introduction

Trade is one of those things you understand the natural manner, but appears difficulties when it must to define. The difficulty is due just of very different content that receives the term itself, in forms derived or phrases . Trade, on the surface, seems simple. Someone has something that I want and I have something that someone wants. So the exchange is done, and the two players are happy. However, the power of trade is hidden deep. The invisible trade part consists of the impact it has on how we use time and money we earn. Being able to make exchange with others, whether it comes to our neighbors across the street or our neighbors across the border, gives us the opportunity to rely on others for some or most goods and services to enjoy. And this trust in others, in turn, allows even the poorest of us to have a standard of living that would be unimaginable in terms of economic independence.

The trade is an area of activity clearly delimited in any national economy, with a rare complexity, with an internal structure quite large in who have a special importance the activities of retail distribution, storage of goods, supply high and the activities of import-export.

The essential functions of trade can be played in the following allegations:

Trade creates wealth and economic independence means the road to poverty.

Specialization that we see the world around us is the result of trade. We should perform tasks very different and will be much poorer if we put limits to foreign or domestic trade.

True rare resource in our lives is the time but trade will allow us to adequately improve quality and productivity of time by working with others.

Not everything we do well as individuals or as a nation deserves to be done

The balanced development of economic and social systems of any country, under the concept of sustainable development can be achieved through the trade which has strategic importance. Perhaps the most relevant indicator for a direct trade situation from one country or another is the trade balance whose balance positive or negative gives us an idea about developing the first commercial sector and why not the national economy.

The situation of foreign trade of Romania

Romanian export volume has increased year by year, so that in 2006 reached to 25,9 billion euros, up to 16,2% over 2005, while imports increased by 25,1%, reaching 40,7 billion euros. In 2007 it was coded to 80.26 billions euro, registering an increase of 20,5% compared to the same period of 2006. Exports were valued at 29.38 billions euro, up by 13.7%. Romania's intra community item deliverance was in 2007 to 21.12 billions euro, while exports outside community was in amount of 8.26 billions euros, registering an increase of 15.9% and 8.4% compared to 2006. Exports inside community had a share of 71.9% in total exports. During the period 1.I-30.VI 2008 exports were in amount of 61.34 billions lei (16.75 billions euros). Compared with the corresponding period of 2007, exports increased by 29.7% to the values expressed in lei (18.1% in value in euros). The difference between the dynamics determined by the values expressed in lei and the dynamics determined by the values expressed in euro is the consequence of currency depreciation with 8.8% in January 2008, with 8.0% in February 2008, with 10.5% in the month March 2008, with 9.2% in April 2008, with 11.4% in May 2008 and 13.3% in June 2008 compared to the corresponding months of 2007.

Table no.1 Romania's foreign trade in the period 2006-2008

	Intra community trade			Outside community trade		
	2006	2007	2008 (1.I-30.VI)	2006	2007	2008 (1.I-30.VI)
Import	27994,8	36151,4	19126,4	12750,5	14731,2	8417,5
Export	18227,7	21117,8	11665,5	7621,6	8262,5	5085,3
Balance	-9767,0	-15033,6	-7460,9	-5128,3	-6468,7	-3332,2

Source: www.insse.ro and www.cnp.ro (for 2008 data are provisional)

In the first half of 2008, the dynamics of exports of goods surpassed the dynamics of imports of goods, continuing the trend that had joined in December 2007. Trade deficit in the first half of 2008 was 10.79 billions euro, with 1.09 billions euro higher than in the first half of 2007. The value of intra community exchange of goods in the first semester of 2008 was 11.66 billions euro in shipments and 19.13 billions euro in introduction, representing about 70% of total exports, respectively of total imports. The difference between the dynamics calculated on the basis of the values expressed in lei and the calculated values expressed in euro has been driven by currency depreciation in the months January to June 2008, with values that are in the range of 8.0% - 13.3% compared to the corresponding months of 2007.

The coverage degree of imports by exports was 57.7% in 2007, thus being with about 6 points below the percentage recorded in 2006.

The expanding of imports in a faster pace, with 11.2 percentage points than that of exports has led to a rise in trade deficit by 44.4% compared to the trade deficit recorded in 2006. In the first half of 2008 CIF imports were 100924.3 billions lei

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(27543.9 billions euros). Compared to the first semester of 2007 imports grew by 26.7% to the values expressed in lei (15.3% in value in euros).

It can be seen that imports exceeds exports both the intra community exchange and outside community exchange, the balance throughout the period being negative, it is deeper in each year of analysis. Following the differentiated development of trade inside and outside community, it shows a degree of coverage of imports by exports of 58.4% in terms of intra community changes and 56.1% in outside community trade. Analysis of existing data shows that the trade deficit recorded with the EU countries amounted to 15.03 billions euro represented 69.9% of the total deficit, up by 53.9%, and the extra community worth 64.7 billions euro, contributing by 30.1%, up by 26.1%.

In the export's evolution have been made in recent years the performance of a quality order that we could find in:

Increasing in the share of good exports of exports of high complexity goods from 25.3% in 2004 to 31.5% in 2006, respectively to 35.5% in the first 11 months of 2007;

increasing share of the export of products made by local industry once the integration of vertical industries and the corresponding decrease in the export of products incorporating mainly imported materials such as the Lohn;

Romanian export brands development and high adaptation of products increasing by the exporters to quality standards of the EU.

For a more accurate representation will make a suggestive graphic of the foreign trade of Romania in the period under review:

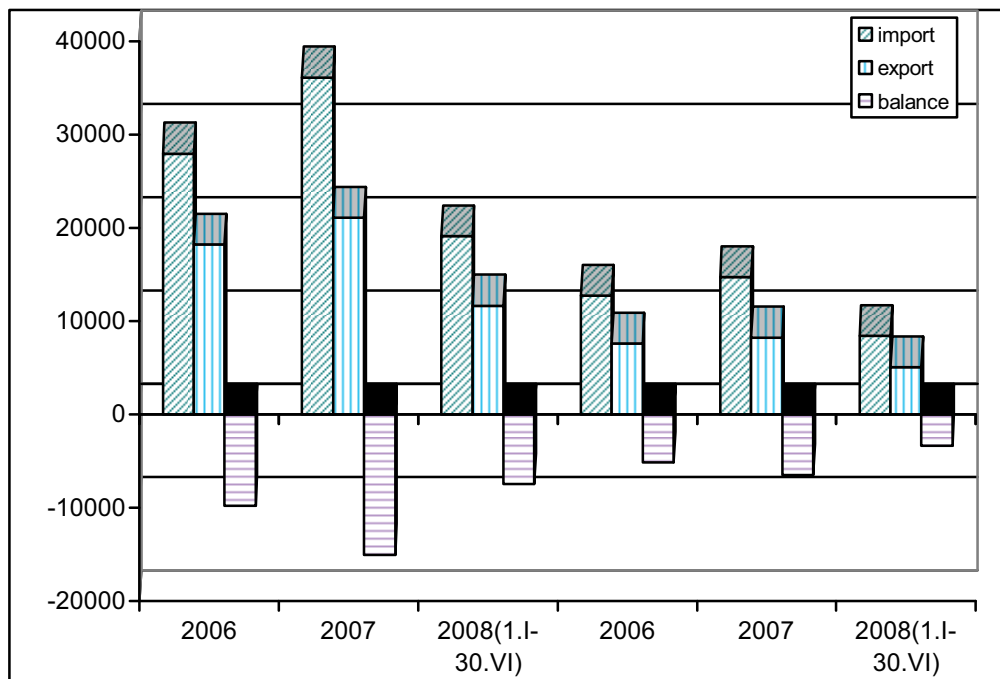


Figure no.1. Intra community and outside community goods trade of Romania

As a result of the action of factors with more collateral nature, the foreign trade presented a number of features that have been differentiated during the period under

review.

Romania's main partners in foreign trade

The tendency to strengthen the export of Romanian products on foreign markets resulting from the shift mainly to markets of developed countries, holding a share of over 70% of the total value of exports. This can be seen in the table below where we will try a centralization of key players for Romania exported goods in the period under review.

Table no. 2 Main partner countries (top 10) of Romania in export activity

Country	Structure in % of total exports	Country	Structure in % of total exports	Country	Structure in % of total exports
2006		2007		2008	
TOTAL	100	TOTAL	100	TOTAL	100
Italy	17,9	Italy	17,0	Italy	15,8
Germany	15,7	Germany	16,9	Germany	15,8
Turkey	7,7	France	7,7	Turkey	8,3
France	7,5	Turkey	7,0	France	7,4
Hungary	4,9	Hungary	5,6	Hungary	5,2
Great Britain	4,7	United Kingdom of Great Britain and North Ireland	4,1	Bulgaria	4,3
Bulgaria	2,8	Bulgaria	3,2	United Kingdom of Great Britain and North Ireland	3,4
Austria	2,7	Austria	2,6	Ukraine	2,7
USA	2,6	Spain	2,3	Holland	2,3
Holland	2,5	Poland	2,2	Spain	2,2

Source: www.insse.ro

The value of exports to European Union countries (EU-25) in 2006 compared with 2005, increased by 16.3%. Share of exports toward the European Union countries in total exports was 67.7%.

Top partner countries located in the top 10 places in the conduct of exports in 2006 (representing 69.0% of total exports) is presented as follows: Italy (17.9% of total exports) Germany (15.7%) Turkey (7.7 %) France (7.5%) Hungary (7.5%) United Kingdom (4.7%) Bulgaria (2.8%) Austria (2.7%) U.S. (2.6%) Netherlands (2.5 %) After customs procedures awarded under the law on customs, 54.8% of total exports in 2006 represents the final exports, 44.9% represents exports of goods resulting from improvements of goods temporarily imported for processing and 0, 3% represents exports of goods for passive processing (outside the country).

During 1.I-31.XII 2007 compared with the corresponding period of 2006 the value of exports to the 26 European Union countries increased by 9.3% to the values expressed in lei (16.0% in value in euros), with a 71.9% share of total exports .

The partner countries located in the top 10 places in the conduct of exports during the period 1.I-31.XII 2007 (representing 68.6% of total exports) were: Italy

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(17.0% of total exports), Germany (16.9%), France (7.7%), Turkey (7.0%), Hungary (5.6%), the United Kingdom of Great Britain and Northern Ireland (4.1%), Bulgaria (3.2%) Austria (2.6%), Spain (2.3%), Poland (2.2%).

The partner countries located in the top 10 places in the conduct of exports during the period 1.I-30.VI 2008 (representing 67.4% of total exports) were: Italy (15.8% of total exports), Germany (15.8%), Turkey (8.3%), France (7.4%), Hungary (5.2%), Bulgaria (4.3%), the United Kingdom of Great Britain and Northern Ireland (3.4%) Ukraine (2.7%), Netherlands (2.3%), Spain (2.2%).

Also a synthetic imports situation achieved by Romania from European Union countries and not only, are presented in Table no.3

Table no.3 Main partner countries (top 10) of Romania in import activity

Country	Structure in % of total exports	Country	Structure in % of total exports	Country	Structure in % of total exports
2006		2007		2008	
TOTAL	100	TOTAL	100	TOTAL	100
Germany	15,2	Germany	17,2	Germany	16,7
Italy	14,6	Italy	12,7	Italy	12,0
Russian Confederation	7,9	Hungary	6,9	Hungary	6,6
France	6,5	Russian Confederation	6,3	Russian Confederation	6,4
Turkey	5,0	France	6,2	France	6,0
China	4,3	Turkey	5,4	Turkey	5,3
Austria	3,8	Austria	4,8	Austria	5,0
Hungary	3,3	Holland	3,6	Kazakhstan	4,9
Kazakhstan	3,2	Poland	3,4	China	3,8
Poland	2,8	China	3,3	Holland	3,8

Source: www.insse.ro

The value of imports from European Union countries (EU-25) in 2006 compared with 2005, increased by 25.9%. The share of imports from the European Union countries in total imports was 62.6%. Top partner countries located in the top 10 places in the conduct of imports in 2006 (representing 66.6% of total imports) is presented in the table above. Imports in 2006 were gathered the amount of 40.74 billions euro, the value of their being 25.1% higher compared to year 2005.

In 2007, as compared with 2006 the value of imports from other 26 countries of the European Union increased by 22.3% to the values expressed in lei (29.5% in value in euros), taking a share of 71.1 % of total imports. The partner countries located in the top 10 places in the conduct of imports during 2007 (representing 69.8% of total imports) were: Germany (17.2% of total imports), Italy (12.7%), Hungary (6.9 %), Russian Federation (6.3%), France (6.2%), Turkey (5.4%), Austria (4.8%), Netherlands (3.6%), Poland (3.4%), China (3.3%). Noteworthy is the fact that new countries entering the top 10 countries in which the imports are achieved, such as China and Kazakhstan in 2007, ranking climbs in owning a share increasingly more important in total imports.

Also, during the period 1.I-30.VI 2008, compared with the corresponding period of 2007, the value of imports from the European Union increased by 23.3% to the values expressed in lei (11.8% in value in euros), with a 69.6% share of total imports. The partner countries located in the top 10 places in the conduct of imports

during the period 1.I-30.VI 2008 (representing 70.5% of total imports) are found in the figure below:

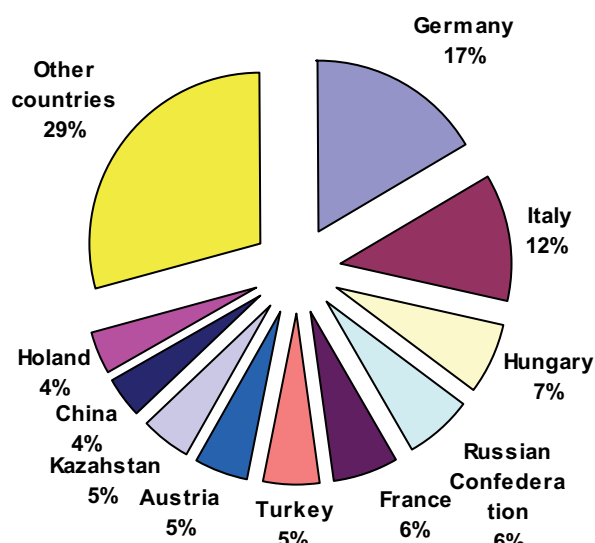


Figure no.2 Structure of Romania imports on main countries in 2008

As we clear the distinct aspects of foreign trade of Romania we will continue to try in present the main assets situation that have been the subject of imports or exports from or to our country.

The structure of foreign trade classes SCN

Evolution of the structure of exports on the basis of Class System of National Accounts(CSNA), indicates growth rates in exports of intermediate goods and capital.

Thus, capital goods recorded a growth of 33.4% to 19.9 percentage points over the pace/rhythm of growth registered in total exports, followed by exports of intermediate goods increased by 18.3% over last place are situated the exports of consumer goods which have virtually remained the same. In terms of percentage change of the period 1.I.-30.VI.2008 versus the same period of 2007 the situation is a little different in the sense that capital goods have the biggest growth, excluding the assets not included in the 3 classes, followed by intermediate goods and the great distance of consumer goods (9.9)

Table no 4 Export structure on CSNA classes

	2006		2007		change percent 2007/2006	change percent 2008/2007
	Billions euro	Percentage (%)	Billions euro	Percentage (%)		
Total	23,89	100,0	27,12	100,0	13,5	18,1
Capital goods	19,94	8,3	2,66	9,8	33,4	24,3
Intermediate goods	13,47	56,4	15,94	58,8	18,3	22,1
Consumption goods	6,74	28,2	6,80	25,1	0,9	9,9
Goods outside the 3 rd classes	1,67	7,0	1,71	6,3	2,1	46,6

Source: www.cnp.ro , www.insse.ro

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Structural changes have been illustrated as was expected and in the categories of complexity structure. Increase the export of products of machine building industry contributed by 65% of total export growth, a phenomenon extremely gratifying if the fact that this group represents products of high complexity. Thus, there was a continuous improvement of the structure of Romanian exports in favor of high complexity products with high added value, its share in total exports is increasing by 4 percentage points over the first 11 months of 2006 amounting to represent 35.5% of total exports, compared to 31.5% during the same period in 2006. The exports from industry of machines construction was about 98% of exports of high complexity.

With regard to export are obvious the performance of quality, extended through accelerated growth of exports of products from industries medium-high technology, with the complexity and value-added higher, respectively, by reducing the share sensitive export products with low processing. These trends indicate, however, increasing adaptation of Romanian export to foreign markets situation and turning increasingly better products to Romanian export.

Table. no 5 Import structure on CSNA classes

	2006		2007		change percent 2007/2006	change percent 1.I.-30.VI 2008/2007
	Billions euro	Percentage (%)	Billions euro	Percentage (%)		
Total	36,55	100	46,55	100	26,9	15,4
Capital goods	6,28	17,2	8,62	18,5	37,3	11,5
Intermediate goods	22,78	62,3	27,43	58,9	20,4	16,1
Consumption goods	5,74	15,7	7,49	16,1	30,5	19,2
Goods outside the 3 rd classes	1,87	5,1	3,01	6,5	60,3	10

Source: www.cnp.ro , www.insse.ro

Regarding the evolution of imports of basic classes of the System of National Accounts is seen a more accelerated imports of capital goods and the intermediate goods.

Thus, detailed statistical data available indicates an increase of 37.3% in imports of capital goods, with 10.4 percentage points over the pace of growth recorded total imports. Imports of intermediate goods had an increase of 20.4% being thus below the average 6.5 percentage points. At the same time the share of consumer goods remained relatively to the same level. To period 1.I.-30.VI in 2008 relative to the same period of 2007 the situation looks like this: consumption goods registered the biggest increase, with 19.2%, followed by intermediate goods and capital.

From comparative analysis of imports by category of complexity, in the first 11 months in 2007 with the same period of year earlier, is a more pronounced increase in the share of high complexity by 3.1 percentage points, this represents 41% of total

imports. At the same time there has been registered a reduction in the import of products of medium complexity and low, with 1.7 and 1.4 percentage points.

Conclusion:

From this analysis, which we believe can clarify somewhat the situation of Romanian foreign trade, may notice a few important issues, namely: exports remain in higher than imports, continuing to maintain a negative balance of trade; in the top 10 countries with which Romania has commercial relations entered countries such as China and Kazakhstan which are climb in this entirely image; however can see the trend of Romania to export and import goods of high complexity.

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